

VZCZCXYZ0001
OO RUEHWEB

DE RUEHTH #1834/01 2551340
ZNY SSSSS ZZH (TAO)
O 121340Z SEP 07
FM AMEMBASSY ATHENS
TO RUEHC/SECSTATE WASHDC IMMEDIATE 0210
INFO RUEHZG/NATO EU COLLECTIVE PRIORITY
RUEHBW/AMEMBASSY BELGRADE PRIORITY 0740
RUEHSQ/AMEMBASSY SKOPJE PRIORITY 1068
RUEHTI/AMEMBASSY TIRANA PRIORITY 1270
RUEHVB/AMEMBASSY ZAGREB PRIORITY 0317
RUEHPS/USOFFICE PRISTINA PRIORITY 0322

S E C R E T ATHENS 001834

SIPDIS

SIPDIS

E.O. 12958: DECL: 09/12/2017

TAGS: PGOV PREL GR

SUBJECT: C O R R E C T E D COPY - GREECE: IF ND WINS, WHO'S IN KARAMANLIS'S NEW CABINET?

REF: A. ATHENS 1785

1B. ATHENS 1804
1C. ATHENS 1621

Classified By: CHARGE D'AFFAIRES A.I. THOMAS COUNTRYMAN.
REASONS 1.4 (B) AND (D).

11. (C) SUMMARY AND INTRODUCTION: Although the race is tight, conventional wisdom (and unpublished polls) suggest New Democracy will win enough votes in the September 16 elections to maintain a slim parliamentary majority. PM Karamanlis has spoken of his desire to make the next government "smaller" and "more agile," but few sources expect wholesale personnel changes. Many observers believe officials most likely to be Minister of Public OO of Merchant Marine Kef`ent of the Financial`as. Well-placed sources iy have also told us MinisQ leave. Foreign Minis4lan Roussopoulos and ships of the police and intelligence service, as well as most of the government's economic team, are expected to remain. Signals are mixed on Defense Minister Meimarakis, who could move to the Interior Ministry, which is responsible for appointments and election oversight. Former CHOD Chinofotis is running for parliament on the ND ticket and is expected to be named deputy defense minister, if not MOD.
END SUMMARY AND INTRODUCTION.

THE INNER CIRCLE

12. (S) Most observers expect government spokesman Thodoris Roussopoulos -- regarded as one of the most influential figures in the Karamanlis administration -- to remain in his position in a new ND government. Sources point out that, during recent forest fires, Roussopoulos had resigned his appointed post to run a campaign for his own seat in parliament. With criticism mounting, PM Karamanlis called him back to manage GOG PR, promising that Roussopoulos would enter the next parliament as one of the five "leader's choice" MPs if ND won a majority.

FOREIGN AFFAIRS

13. (S) PM Karamanlis is unlikely to change his foreign minister, and FM Dora Bakoyannis -- member of the Mitsotakis political dynasty, major player in ND politics in her own right, and a Karamanlis rival -- could pose more of a political threat to Karamanlis outside the government than in. In addition, keeping her in the FM slot would make her responsible for future key decisions, such as Macedonia's NATO membership.

14. (S) Most of the action at the Foreign Ministry will probably be at the deputy-minister level. Deputy FM Evripidis Stylianidis, a 41-year-old rising star in the government, could move to a deputy position in MOD where there are many more resources to manage. Deputy FM Yannis Valinakis, elected on the national slate for ND, is running this time for his own seat in the Dodecanese. If elected, he could be a candidate for Minister of the Aegean. That would free up two deputy minister slots. There are certainly several "hungry" ND politicians ready to take on the jobs, including Corfu parliamentarian Nikos Dendias. Below the minister and deputy minister levels, most other positions in the MFA are occupied by professional diplomats and civil servants and would be unlikely to change as a result of the election.

DEFENSE

15. (S) With his background as ND strategist and party apparatchik, Vangelis Meimarakis has been an uncomfortable fit as defense minister since his appointment 18 months ago. Last fall he made a visible effort to get more engaged in defense issues but remains more suited to a party, as opposed to a policy, position. He reportedly has asked Karamanlis to be replaced. Some observers believe that in a new ND government he would move back to party secretary or to the Interior Ministry, one of the most politically powerful state institutions because of its control of appointments and elections. If Meimarakis were to move, a possible successor would be current Minister of Transportation Michalis Liapis, a first cousin of the PM.

16. (S) Former CHOD Admiral Panagiotis Chinofotis, who resigned in order to run for an ND seat on the nationwide ticket, could also be a candidate for minister, though some observers believe his lack of political experience would not allow him to move higher than deputy minister. The second MOD deputy position was only recently created, and there is speculation that a Deputy Minister Chinofotis would ask for its abolition or significant contraction. Current deputy minister Vasilios Michaliakos is said to be on the way out because of his connections to organized crime and corruption in Piraeas. We would expect major changes in the uniformed leadership to be put off until early spring during the traditional promotion/transfer season.

PUBLIC ORDER AND JUSTICE

17. (S) The Greek Ministry of Public Order (MPO) oversees both the police and intelligence service. MPO Minister Vyron Polydoras has been one of the most outspoken and controversial figures in this government. Indeed, many observers believe Polydoras has become a political liability, and it is widely assumed that he would be replaced in a new ND government. There has been little discussion of a successor, but some observers have suggested Karamanlis is planning to merge MPO with the Interior Ministry as part of his streamlining program, thus mooting the point.

18. (S) The naming of police chiefs is on a February/March schedule similar to flag officer appointments at the MOD. Current Police Chief Anastasios Dimoschakis is well into his second year and only very rarely do chiefs serve a third year. Hellenic National Intelligence Service (EYP) head Ambassador Ionnis Coranidis has told us he believes he would stay on in a new ND government. Some in the GOG, however, are dissatisfied with EYP performance and would like to see a change. In the Justice Ministry, Secretary General Panagiotis Panouris confirmed to Charge September 12 that Minister Anastasios Papaligours and Panouris himself would move out after the election.

ECONOMIC MINISTRIES

¶9. (S) The ND government called the early election and is campaigning on its strong economic performance (ref c). Thus, we anticipate that a new ND government would retain most, if not all, its economic personnel. Finance Minister Georgios Alogoskoufis, despite a reputation for plowing ahead without GOG interagency coordination (e.g. when his work resulted in a twenty-five percent upward estimation of Greece's GDP) is anticipated to remain in his position. Alogoskoufis' deputy ministers responsible for tax collections (Adonis Bezas) and disbursal of EU structural funds (Christos Folias) are likewise expected to remain -- despite the latter's clear desire to gain a ministerial portfolio himself. (NOTE: a key element of the ND government's economic planning is to retain and disburse all EU structural funds) something not always possible if project proposals are not executed within specified timeframes. END NOTE.)

¶10. (S) Minister of Development Dimitri Sioufas has been responsible, inter alia, for advancing Greece's geostrategic position as an "energy bridge" to Europe. With both the Turkey-Greece-Italy gas pipeline and the Burgas-Alexandroupulos oil pipeline projects underway, rumor has it that Sioufas (a close and reliable advisor to the PM) may become Parliamentary majority leader for the next ND government. If that happened, it is not clear whether his extremely capable Secretary General Nikolas Stefanou would follow Sioufas to the parliament or rise to a ministerial position himself.

¶11. (S) We do expect changes in the Merchant Marine Ministry. Current Minister Manolis Kefalogiannis has a reputation for alienating others in the GOG (and in the maritime industry) and for not getting things done. His departure would likely help USG efforts to support the transfer of the last floating Liberty Ship to be used in a maritime museum in Piraeus. We also expect that Georgios Zorbas, President of the Financial Intelligence Unit (set up only one year ago) will, after a decent interval, be sacked, due to his penchant for taking literally his mandate to run the FIU as an independent agency and his overly prosecutorial demeanor. He ran into a firestorm of criticism in late August over his handling of the pension-fund bond scandal, having released a report to the prosecuting magistrate that he apparently had not shared with the board of directors of the FIU. The report's allusions to bribery of ruling party officials was leaked to the press just as the PM announced early elections.

COUNTRYMAN